

CABINET

19-SEPTEMBER 2007

CONCESSIONARY TRAVEL

REPORT OF THE HEAD OF ACCESS AND INFRASTRUCTURE

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RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

This report presents an update on concessionary travel in preparation for the introduction of a national concessionary bus travel pass for older and disabled people in England.

In the 2006 Budget, the Chancellor of the Exchequer announced that free off-peak local bus travel anywhere in England for people aged 60 and over and eligible disabled people, resident in England, would be in place from April 2008. This will apply to travel from 9.30am to 11pm on weekdays, and all day at weekends and on bank holidays.

The report presents options and makes recommendations regarding the travel concession period and disabled persons companions pass, the length of time that passes are issued for and the City Council's involvement in the Hampshire partnership scheme.

RECOMMENDATIONS:

1. That Winchester City Council remains part of Hampshire partnership scheme and that the bus passes (smart cards) are procured through this partnership utilising MCL consultants.
2. That the National Scheme which allows free travel between 9.30am and 11pm be adopted from April 2008 and that disabled persons companions passes are retained from April 2008.
3. That bus passes in the form of smart cards are issued for a 3 year period from April 2008.

CABINET19 SEPTEMBER 2007CONCESSIONARY TRAVELREPORT OF THE HEAD OF ACCESS AND INFRASTRUCTUREDETAIL:1. Introduction

- 1.1 This report presents an update on concessionary travel in preparation for the introduction of a national concessionary bus travel pass for older and disabled people in England.
- 1.2 In the 2006 Budget, the Chancellor of the Exchequer announced that free off-peak local bus travel anywhere in England for people aged 60 and over and eligible disabled people, resident in England, would be in place from April 2008. This will apply to travel from 9.30am to 11pm on weekdays, and all day at weekends and on bank holidays.
- 1.3 Under current arrangements, concessionaires are only eligible for statutory free off-peak travel within their own Transport Concession Authority (TCA) area, although TCAs have the discretion to offer additional travel concessions above the statutory minimum. Under the new concession, from April 2008 eligible pass holders will be able to board any local bus in England and be entitled to free off-peak travel as set out above. This entitlement will apply irrespective of which TCA issued their pass and where they wish to travel, as long as it is within England. TCAs will retain the ability to offer additional travel concessions above the statutory minimum which will only be available within the issuing TCA area or as agreed with neighbouring TCAs.
- 1.4 Outside London there are currently 291 TCAs that are responsible for issuing concessionary travel passes of their own design to their eligible residents; and Winchester City Council is one of these. Currently Winchester City Council is part of the Hampshire Scheme which is coordinated by Hampshire County Council and includes all the Districts with the exception of Fareham Borough Council. This enables pass holders to travel anywhere in Hampshire with the exception of Fareham Borough. The pass issued to Winchester District residents currently covers the period from 0900 to midnight.
- 1.5 When the National Scheme starts in April 2008 bus drivers throughout England will need to be able to recognise all of the different passes currently issued by TCAs. This would be extremely difficult, if not impossible, to do and would leave the system open to abuse through fraudulent production of fake passes. It could also lead to concessionaires with valid passes being denied access to buses because the driver does not recognise the pass. Therefore, in order for bus drivers throughout England to be able to recognise the proposed national entitlement for free bus travel, all passes will be produced to a single design and agreed standard.
- 1.6 Individual TCAs will retain responsibility for procuring the passes and ensuring that they are delivered to concessionaires for April 2008. Government has recognised that the issuing of new passes represents a new burden to TCAs. Although TCAs already have responsibility for issuing passes, the requirement to issue new passes to a standard design to all eligible concessionaires in their areas will impose some costs on issuing authorities. The Government is therefore intending to provide a grant to cover these costs. This is likely to be £2.90 for each pass issued but the exact amount has yet to be confirmed. To date we have been asked to submit an

interim claim against the grant of £1.20 per pass (DfT projected figure for Winchester District is 17,400 entitled residents in 2008/09) and the remainder can be claimed in October when the total amount of grant per pass has been determined. This leaves a degree of uncertainty; however, the order for the new passes does not have to be placed until after October and Government has stated that it will fund this new burden so it is anticipated that the cost of smart card provision will not fall on the City Council. A letter received from the Department for Transport is attached as an appendix to this report which gives more detail.

- 1.7 TCAs are responsible for reimbursing bus operators for the costs they incur in transporting the over 60's and disabled persons through the concessionary travel scheme. The reimbursement rate is determined through various factors and considerations. Over the past two years, since the introduction of free travel concessions, this process has resulted in many claims across the country from bus operators who feel that the level of reimbursement does not cover the true costs that they have incurred. Many of these claims have resulted in legal actions and some claims have yet to be resolved. The Consultant (MCL) engaged through the Hampshire scheme is currently considering the impact of these claims and rulings in terms of how reimbursement rates will be calculated when the National Scheme starts in 2008/09. Estimates for these costs will be available in November. The Government currently provide additional funding to TCAs for concessionary travel as part of the general revenue support grant rather than as a specifically allocated and identifiable grant. This additional allocation has been allocated on the basis of population data which has resulted in some anomalies across the country and which has particularly impacted on places like Winchester where there are higher than average proportions of over 60s and fairly high levels of bus travel. As a result the City Council has received less additional funding compared to some other areas in the Country but has had to fund higher reimbursement costs due to the amount of concessionary travel in the district. The Government has acknowledged this issue and has allocated an additional £250m which will be distributed to TCAs in 2008/09. The method for allocating and distributing this additional funding is currently being determined and therefore the amount which the City Council will receive is not yet known.

2. Issues for Discussion

- 2.1 The Government has already decided that those entitled to a bus pass will be issued with a standard format of pass card which can be used throughout the Country and for which a grant will be provided to meet the costs of such provision. This should be in the form of a smart card to allow for better recording of information and usage by users which will help with the calculation of reimbursement levels. Since the introduction of free bus passes Winchester City Council has been part of the Hampshire scheme and it is recommended that this remains the case and that the smart cards are procured through this partnership utilising MCL consultants.
- 2.2 The National scheme minimum standard is for travel concessions to apply between 9.30am and 11pm. The current concessions for Winchester District residents apply from 9am to midnight. The duration for which the concessions apply impacts on the cost of reimbursement to the bus companies so any increase in the time band will increase costs and any reductions would reduce the cost of reimbursement. It is recommended the National Scheme concession period allowing for free travel between 9.30am and 11pm is adopted from April 2008. This reflects ongoing concerns and uncertainties about how the Government will fund the scheme and the ability of the City Council to continue to meet the rising cost of the scheme. This approach (based on the actual costs of the scheme in 2006/07) will reduce costs by around 9% which in 2006/07 equated to £60,000. There are some uncertainties about this estimate as people may simply change the time at which they travel and hence there will still be a cost but overall it is anticipated that this would result in a reduction

in scheme costs. A further point to note is that bus pass holders from outside the City Council area will only be entitled to use their passes between 9.30 and 11pm even if the City Council allowed for free travel outside this period. There is a concern that bus drivers will not check passes properly and allow people from outside the City Council area to travel during the discretionary times hence increasing the City Council's costs even more.

- 2.3 A further discretionary element of the scheme, which the City Council currently allows, is for disabled persons to be issued with a concessionary travel pass for travelling companions. This increases the costs that the City Council pay in reimbursement to bus companies but is considered very important in order to assist disabled persons to travel and to access vital services. Currently 29 companion passes are issued costing around £4,300 p.a.
- 2.4 The bus passes (smart cards) can be issued for a period of up to 5 years. It is recommended that passes in Winchester District are issued for 3 years. This seems a sensible period and will allow for the register of eligible residents to be updated and passes withdrawn as necessary. A five year period may result in a number of invalid passes remaining in circulation and would not allow for any revaluation of the scheme in the mean time.

OTHER CONSIDERATIONS:

3 CORPORATE STRATEGY (RELEVANCE TO):

- 3.1 This scheme comes under the Concessionary Bus Travel Bill and helps meet corporate objectives in relation to a safe and inclusive society.

4 RESOURCE IMPLICATIONS:

- 4.1 The cost of smart cards production is anticipated to be met by a one-off grant from Government. The amount of the grant will be determined by October. Following this, smart cards for the National Scheme can be ordered ready for April 2008.
- 4.2 The main resource implications for this scheme are in relation to the discretionary elements. The City Council chooses to fund disabled person's companion passes which is also not within the National minimum scheme. Changes to this approach could reduce or increase the level of reimbursement which is paid to the bus operators. It is recommended that the national travel concession period is adopted (9.30am till 11pm) from April 2008. This could reduce overall costs by around 9%.
- 4.3 The scheme costs amounted to £833,963 in 2006/07 (including a provision of £100,000 against potential costs of outstanding final claims). The budget for 2007/08 has been set at £970,000.

5 BACKGROUND DOCUMENTS:

- 5.1 DfT Consultation on Specifications for a National concessionary bus travel pass for older and disabled persons in England.

6 APPENDICES:

- 6.1 DfT Letter 2008 National Bus Concession.

Dear colleague,

2008 NATIONAL BUS CONCESSION

This letter seeks Travel Concession Authority (TCA) action in respect of three issues:

- A. TCAs to supply details to allow DfT to pay a new Section 31 grant in respect of the new national concessionary travel passes;**
- B. TCAs to confirm the details held by DfT in respect of the number of passes currently in circulation and the information they hold on their concessionaires;**
- C. TCAs to confirm whether they expect to be part of a wider concessionary travel scheme next year so that they can be issued with unique identifying numbers which will be encoded on passes issued by that TCA.**

A. PAYMENT OF A NEW SECTION 31 GRANT REQUEST FOR YOUR AUTHORITY'S PAYMENT DETAILS

Background

As you are aware, from April 2008 there will be a national bus concession in England. An important part of the preparations for the concession is the issuing of passes by each Travel Concession Authority to a standard national design. We recognise that this represents a new burden to local authorities above the costs of running their existing schemes and have consistently stated that we are prepared to fund the reasonable net additional costs arising from this work.

Therefore, we intend to pay a non-ring fenced grant under s31 of the Local Government Act directly to the TCAs in order to cover reasonable new burdens associated with issuing passes before April 2008.

It is our intention to pay the first instalment on 29th August 2007.

Action required from your Authority

In order to make the first payment on 29th August, we need you to provide us with the details of the authority bank account into which you wish the money to be transferred.

Attached to this letter is a SAP7B(DfT) form that you need to complete. Also included is guidance about how to complete the form. However, if you require any further advice as to how to complete the form, please contact us at cbtbill@dft.gsi.gov.uk. You should also provide contact details for us to send out a remittance advice once the payment has been made. Please send the completed forms to the return address shown in section 1 of the form.

We must receive a completed form no later than Friday 20th July in order to ensure that we will be able to make a payment to you on 29th August. If we receive your form any later than the 20th July your payment may be delayed.

PTEs should complete the SAP7B(DfT) form in respect of their PTAs as s31 grant payments must be made to the PTA rather than the PTE.

Once we have received your completed form we will arrange to make the payment direct to your account by means of a BACS payment. You will also receive a copy of the grant determination which will set out the total sum each TCA will receive.

We will not need any further details from you in order to make any subsequent payments. However, if you wish to change your payment details you must contact us immediately.

At present we anticipate that there will be one more grant payment in October. We will keep you informed of the timing and amount of future payments and you will receive a copy of the grant determination.

If your scheme is administered for you by another local authority (such as a lead TCA or a County Council), you may opt to have your grant paid to that local authority's bank account. If you do wish to use this option, you must inform us in writing and provide the completed form SAP7B with the details of the account of the designated authority into which you want us to make the payment no later than 20th July. You should confirm with the authority that they are content with this before you inform the department.

Explanation of the calculation of the grant amount

We are proposing that the payments will be based on a reasonable estimate of the number of passes each TCA will have to issue as we think this will most accurately reflect the work that needs to be done. We recognise that pass uptake is likely to be increased by the new concession and so propose to uplift the number of passes each TCA currently issues by 20%, up to a maximum of 100% of the eligible population, to give an estimate of the number of passes to be issued. We also accept that in areas with a very low take up of passes, this may not be sufficient and so propose to have a floor of 30% of the eligible population. This will produce an adjusted number of passes to be issued for each TCA.

We are proposing to pay an initial grant to reflect the fact that data collection and other costs are already being incurred at this stage. This grant will be paid at the rate of £1.20

for every pass we estimate each TCA will have to issue. For clarity this grant is an ex ante payment towards costs incurred. The Department is making no commitment to fund actual costs.

Although it is not possible to give a figure for the second and final grant payment until we have completed our consultation about the specification of the pass and completed our discussions with suppliers, we recognise that much important preparatory work is already underway that is vital for the successful delivery of passes. Because we recognise that costs are already being incurred by local authorities, we think it is better to pay the grant in tranches rather than wait until the full costs of passes are known before making any payments.

B. CONCESSIONARY TRAVEL DETAILS HELD BY DFT

The Department has put in place a dedicated and experienced consultancy team, based in the Department, to help TCAs with all issues connected with issuing passes. This team has recently contacted TCAs to ask whether they need any specific support, and also to gather provisional information on the numbers of current passes, how data on concessionaires is kept and what schemes TCAs are in. From these discussions, they have compiled the table at Annex A. It is very important that the information in Annex A is as accurate as possible. This information helps us with our preparations for April 2008, but also will form the basis for determining the grant, as set out in this letter.

There are three county wide schemes for which we have not received data on individual TCAs, only county wide scheme totals. In annex A we have broken down the scheme figures to individual TCAs according to the number of the scheme's eligible population that live in each TCA. Unless we receive further information, the grant payments made to the TCAs would be based on these figures. These TCAs could also choose to nominate another local authority to receive the grant on their behalf as set out in section A.

We would therefore ask all TCAs to let us know, no later than Friday 20th July, whether the information in Annex A is accurate. We will assume that this information is correct unless a TCA tells us otherwise.

C. UNIQUE IDENTIFYING NUMBERS

Stakeholder Bulletin #5 explained that, in order for smart readers to identify who is eligible for local concessions, each TCA and each scheme will need to have a unique identifier. These identifiers are known as a Concessionary Pass Issuing Cost Centre (CPICC) and an Operator Identifier (OID).

The OID and CPICC will be used together on the smartcard to identify which TCA issued a pass to a particular concessionaire. In areas which offer local additional concessions and which have smart readers on buses, this will allow the reader to know whether or not a concessionaire is eligible for the additional local concessions.

Before we issue these unique identifiers, we would be grateful if all TCAs would let us know, no later than Friday 20th July, whether they expect to remain in the schemes as set

out in Annex A for April 2008. We will assume that TCAs will remain in the schemes set out at Annex A unless a TCA tells us otherwise.

If you have any questions about the contents of this letter, please contact Ian McConnell (07841 947431) or Nick Rawlings (07841 947383), or e-mail us at us at cbtbill@dft.gsi.gov.uk

I am copying this letter to TCA Chief Executives.

Helen Smith
Head of National Pass Delivery Team
Department for Transport